

GOVERNMENT OF INDIA
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS
RAJYA SABHA
UNSTARRED QUESTION NO -1577
ANSWERED ON- 08/03/2021

STEPS TO ATTRACT INVESTORS IN ROAD SECTOR

1577. SHRI SUSHIL KUMAR GUPTA:

Will the Minister of ROAD TRANSPORT AND HIGHWAYS be pleased to state:

- (a) whether Government is taking any steps to attract investors to invest in road sector; and
- (b) if so, steps being taken to assure them of high returns as compared to other places globally?

ANSWER

THE MINISTER OF ROAD TRANSPORT AND HIGHWAYS

(SHRI NITIN JAIRAM GADKARI)

(a) & (b) Key instruments used by the Ministry of Road Transport & Highways for private participation in the road sector are BOT (Toll) Model, Hybrid Annuity Model (HAM) & Toll Operate Transfer (TOT) Model. Major changes made recently in these models to attract private sector investments are as under:

(i) BOT (Toll) Model: Model Concession Agreement (MCA) for BOT(Toll) Model has been amended to reduce risk exposure for concessionaire through measures such as removal of capacity augmentation requirement for concessionaire, introduction of Dispute Resolution Board, changing bid parameter from Premium to Revenue Share. Further, to protect from the traffic variation risk, NHAI shall prescribe its projected traffic at every 5 year interval during concession period. Risk of traffic in addition to ± 5 % traffic variation shall be compensated by the NHAI.

(ii) HAM: MCA for HAM has been made investor friendly by modification of operation parameters such as increase in number of milestone payments, 100% exit allowance after 6 months (as compared to 2 years earlier), declaration of O&M expenditure in bid documents and introduction of dispute resolution board. Further to protect the concessionaires from interest rate risk, interest on balance annuities have been linked to average of one-year MCLR of TOP 5 Scheduled Commercial Banks plus 1.25 %.

(iii) TOT: Public funded NH projects which are operational and are collecting toll for at least one year (as compared to 2 years earlier) after the COD can be monetized now. Further, the concession period can vary between 15 to 30 years (as compared to fixed 30 years earlier) depending on project features.

2. In addition to above, to attract a new class of institutional and retail investors in the road sector, the first public NHAI InvIT (Infrastructure Investment Trust) has been introduced in order to monetize its completed and operational national highways projects with the objective of mobilizing additional resources through capital markets.